

U.S. Department of Agriculture
Farmers Home Administration

CHANGE OF BORROWER'S ADDRESS, TRANSFER OF LOAN RECORDS,
AND RELATED LOAN SERVICING ACTIONS

I. PURPOSE: This Instruction establishes the policies and procedures to be followed when borrowers move (1) within a County Office area, (2) to another County Office area within the same State, or (3) to another State.

II. DEFINITIONS:

A. Chattel Security is the chattel property and fixtures covered by Farmers Home Administration (FmHA) financing statements and security agreements, chattel mortgages or other security instruments.

B. Real Estate Security is real property which is covered by FmHA real estate mortgages, deeds or trust or other security instruments.

C. Economic Opportunity (EO) property is nonsecurity chattel property or real property purchased, improved, or refinanced with EO loan funds.

III. TRANSFER OF LOAN RECORDS AND RESPONSIBILITY FOR LOAN SERVICING:

A. Borrower Owning FmHA Loans Secured Only by Real Estate. When a borrower who owes FmHA loan secured only by real estate moves outside the jurisdiction of the County Office in which the real estate is located, the loan records will not be transferred. Such loans will continue to be serviced by the County Office in which the real estate is located. However, the County Supervisor may request the assistance of the County Office staff serving the area to which the borrower has moved in properly servicing and collecting the loan.

B. Borrowers Owning FmHA Loans Secured by Chattels or Loan Agreements Only. When a borrower owes FmHA loans involving only chattel security or EO property and moves to a new County Office area, all loan records will be transferred.

C. Borrowers Owning Real Estate Loan Secured by Real Estate and Operating-Type Loans Secured by Chattels or EO Loans Secured by Loan Agreements. When such a borrower moves and takes chattel security or EO property to a new County Office area, the records in connection with the real estate loans secured by real estate will not be transferred, but the records in connection with the operating-type and EO loans will be transferred.

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The operating-type and EO loans will be serviced by the County Office servicing the area into which the borrower moves. However, the County Supervisor having charge of the County Office in which the real estate security is located may request the assistance of the County Office staff servicing the area to which the borrower has moved in properly servicing and collecting the loans.

D. Borrower Owning Operating-Type Loans Secured by Chattels and Further Secured by Real Estate. When such a borrower moves and takes chattel security to a new County Office area, the records in connection with the real estate security and any real estate loan will not be transferred. A new Form RD 1905-1, "Management System Card - Individual," will be established and retained by the transferring County Supervisor for use in servicing the real estate security and recording the borrower's last known address. The real estate security and any real estate loan will continue to be serviced by the County Office in which the real estate security is located. The other loan records will be transferred and the operating-type loan accounts will be serviced by the County Office servicing the area into which the borrower moves. The County Supervisors concerned may request assistance from each other in taking servicing actions.

E. Collection-Only Borrower. When such borrowers move, records in connection with all loans will be transferred, provided their FmHA debts cannot be compromised, canceled or charge off under the provisions of RD Instruction 1956-B. (Revised 04-10-91, SPECIAL PN.)

F. Borrowers Referred to the Office of the General Counsel (OGC) or the United States Attorney. When a borrower moves to a new location and the case has been referred to the OGC, or the United States Attorney or the debt has been reduced to judgment, the County Supervisor will request the State Office to obtain clearance from OGC before Form RD 450-10, "Advice of Borrower's Change of Address or Name," is submitted. A copy of the memorandum from the State Office or OGC consenting to the transfer will be attached to Form RD 450-10. (Revised 04-10-91, SPECIAL PN.)

G. Debt Settlement. When a borrower moves to a new location and (1) has applied for a compromise or cancellation of the debt, or (2) the debt is eligible to be canceled without application or charged off under the provision of RD Instruction 1956-B, the case will not be transferred unless the debt settlement action is rejected. (Revised 04-10-91, SPECIAL PN.)

H. Special Problems. Any special problems arising from a borrower moving to a new location, such as accounting for security or EO property or servicing real estate or fixtures which are security property, will be referred to the State Office.

IV. BORROWER'S RESPONSIBILITIES: Borrowers who move or plan to move must:
(Revised 2-3-86, SPECIAL PN.)

A. Notify the County Supervisor of their new address. (Revised 2-3-86, SPECIAL PN.)

B. Apply for permission to move security property and to account for EO property they intend to move to the new location. (Revised 2-3-86, SPECIAL PN.)

C. Cooperate with the transferring County Supervisor to arrange for the care and disposition, as appropriate, of real estate security, EO real property, chattel security property, and nonessential EO property they do not intend to move, in accordance with RD Instructions 1962-A and 1965-A and Supplemental State Instructions. (Revised 2-3-86, SPECIAL PN.)

D. Promptly execute such new security instruments as FHA may require to protect its interests.

V. COUNTY SUPERVISOR'S RESPONSIBILITIES. County Supervisors must:
(Revised 2-3-86, SPECIAL PN.)

A. Inform each borrower of his/her responsibilities before he/she moves to a new location. (Revised 2-3-86, SPECIAL PN.)

B. Maintain correct addresses of all borrowers whose loan records are under his/her jurisdiction. (Revised 2-3-86, SPECIAL PN.)

C. Initiate debt settlement action in eligible cases, rather than to transfer them. In such cases, the transferring County Supervisor will provide the receiving County Supervisor with pertinent information to complete Form RD 1956-1, "Application for Settlement of Indebtedness," after contacting the borrower at his/her new location. (Revised 4-20-88, PN 82.)

D. Initiate changes of address and transfer actions in connection with moves.

E. Bring records of security or EO property up-to-date, as provided in paragraph IX B of this Instruction.

F. Verify addresses and other information pertaining to borrowers for whom Form RD 450-5, "Application to Move Security Property and Verification of Address," has been received and report the facts to the transferring County Office.

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G. Initiate transfer or debt settlement actions for moves into his/her areas for those cases in which notice of the move has not been received but evidence is available that the borrower lives in his/her area. (Revised 2-3-86, SPECIAL PN.)

H. Accept cases of borrowers who move into his/her area upon verification of address, provided their FHA debts cannot be (1) collected in full immediately, or (2) compromised, cancelled, or charged off under the provisions of RD Instruction 1956-B. (Revised 04-10-91, SPECIAL PN.)

I. Take appropriate actions to see that the necessary security instruments are obtained in the new location as provided by this Instruction and any supplemental State Instruction.

J. Initiate prompt action to obtain correct addresses of borrowers when statements of account or collection letters are returned by the Post Office. In such cases, appropriate notations will be made in the supervision and servicing section of Form RD 1905-1.

VI. AUTHORIZATIONS: County Supervisors are authorized to:

A. Approve applications for moves of security and EO property in accordance with the policies and procedures contained in this Instruction.

B. Correspond directly with other County Supervisors in connection with changes of address and moves of security and EO property, except that when the move into a location served by another State Office, the initiating action between the County Supervisors will be through the State Office having jurisdiction.

C. Change the name and address, when appropriate, from the principal obligor to the joint obligor when the joint obligor's address is known and the principal obligor's address is unknown, or he/she is deceased or has been discharged of the FmHA debt through bankruptcy. (Revised 2-3-86, SPECIAL PN.)

VII. USE OF Form RD 450-5:

A. Moves within the Same County Office Area. When a borrower moves within the same County Office area, he may apply verbally for and receive, from the County Supervisor, authority to move security or EO property or he may execute Part II, Section A, of Form RD 450-5. If the application is verbal or if the borrower moves to a new location without making application to move, the facts concerning the move and whether the move is approved will be recorded in the running case record.

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B. Moves Outside of the County Office Area. When a borrower intends to move security or EO property to a location outside the jurisdiction of a County Office area, he/she is expected to execute Part II, Section A, of Form RD 450-5. The balance of the form will be completed by the transferring and receiving County Supervisors, as appropriate. Likewise, Form RD 450-5 will be used by the transferring and receiving County Supervisors when a borrower moves to a new County Office area without making application to move security or EO property. Form RD 450-5, together with the borrower's case files and Form RD 1905-1, including Form 451-26, "Transaction Record," will be routed directly between County Offices within the same State Office jurisdiction. However, when a borrower plans to move, or has moved, to a location served by another State Office, the transferring County Supervisor will route Form FmHA 450-5, together with the borrower's case files, and Form RD 1905-1, through the State Office of the new location. The receiving State Director will notify the transferring County Supervisor of the address of the receiving County Supervisor by use of Form RD 450-6, "Notice of Transmittal of Form RD 450-5." The receiving County Supervisor will return Form RD 450-5 directly to the transferring County Supervisor. If the address is verified and the debt owed by the borrower cannot be (1) collected in full immediately, or (2) compromised, cancelled or charged off under the provisions of RD Instruction 1956-B, the case files and Form RD 1905-1, including Form RD 451-26, will be retained by the receiving County Supervisor; otherwise, such files and forms will be returned to the transferring County Supervisor. (Revised 04-10-91, SPECIAL PN.)

C. Notice to Borrower. The borrower will be notified whether the moving of the security property is approved. If the notice is given verbally, proper notation will be entered in the running case record. If the moving of the security property is not approved, the case will be serviced in accordance with the provisions of RD Instruction 1962-A, unless the borrower can find some other location suitable for continuing his/her operations.

VIII. VERIFICATION AND CHANGE OF ADDRESS:

A. Verification of Address. For the purpose of address verification, use: (Revised 9-12-84, PN 942.)

(1) Form RD 1950-8, "Double Post Card," when requesting the borrower for his/her current address.

(2) Form RD 1950-9, "Inquiry to Postmaster Concerning Borrower's Address," when requesting new addresses or address verification from the U.S. Postal Service. (Added 9-12-84, PN 942.)

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B. Change of Borrower's Address or Name. The Finance Office will be notified of the borrower's change of address or name by the use of Form FmHA 450-10, unless the debt can be (1) collected in full immediately, or (2) compromised, canceled, or charged off under the provisions of FmHA Instruction 1956-B. (Revised 04-10-91, SPECIAL PN.)

IX. SERVICING ACTIONS RELATING TO SECURITY OR EO PROPERTY:

A. Disposition of Security or EO Property Remaining at Old Location. When a borrower moves to a new location, prompt liquidation will be required of all chattel security or EO property remaining at the old location in accordance with the applicable provisions of RD Instruction 1962-A. The County Supervisor in charge of the County Office servicing the area in which the property is located will be responsible for the liquidation of such property. (Revised 1-9-79, SPECIAL PN.)

B. Bringing Record of Security or EO Property Up-to-Date. Before the borrower's County Office records are forwarded with Form RD 450-5 to the receiving County Supervisor, the transferring County Supervisor will see that all dispositions of chattel security or EO property have been recorded on Form RD 1962-1, "Agreement for the Use of Proceeds/Release of Chattel Security." The transferring County Supervisor will document information in the running record about the items of such property which cannot be accounted for, the actions taken to locate the property, and any other pertinent information. The transferring County Supervisor also will place in the borrower's case folder a list of the chattel security or EO property which the borrower should have in his possession. The receiving County Supervisor will make inquiry of the borrower as to the items of security or EO property on hand, as reflected by the list of such property prepared by the transferring County Supervisor, and also as to any unaccounted for items of property. (Revised 1-20-87, SPECIAL PN.)

C. Obtaining Security Instruments in the New Location. The County Supervisor into whose jurisdiction security or EO property is moved will institute appropriate security servicing actions.

1. MOVES WITHIN THE SAME STATE. When a borrower moves to a new farm within the same State and crops or fixtures on new real estate will be taken as security, a new Financing Statement and Security Agreement will be obtained; the new Financing Statement will be filed. If crops or fixtures or real estate will not be taken as security, new instruments need not be taken in such cases until required by RD Instruction 1962-A or by a State Instruction supplementing this paragraph. If new instruments are needed, but the borrower will not execute them, the County Supervisor will refer the case to the State Director with recommendations for appropriate actions. (Revised 1-9-79, SPECIAL PN.)

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2 MOVES INTO THE STATE. When a borrower moves into the State, a new Financing Statement and Security Agreement will be obtained, and the new Financing Statement filed as soon as possible, but not later than four months after the borrower moves into the State. If it is not possible to get the borrower to execute a new Financing Statement and Security Agreement within the four-month period, a new Financing Statement will be executed by a County Office employee and filed before the expiration of the four-month period. In such cases, the following will be shown on the Financing Statement: "The above collateral was brought into _____ from _____ County, State of _____, subject to a security interest of the Secured Party." If the borrower does not execute a new Financing Statement and Security Agreement within the four-month period, the County Supervisor will refer the case to the State Director with recommendations for appropriate action. State Instructions will be issued, as necessary, to supplement this paragraph. (Revised 9-11-74, PN 430.)

D Lien Searches. When a borrower moves from one county to another in the same State, a current lien search will be obtained in the county where the borrower last resided, if it is necessary to file a new Financing Statement in the new county. The lien search will be obtained prior to filing the new Financing Statement. If a security interest is to be taken in crops or fixtures in the new county, a search also will be obtained in that county. In addition, if a security interest is to be taken in collateral, such as recreational or other nonfarm equipment or inventory, which requires filing in the Office of the Secretary of State, a search also will be made in that office. When a borrower moves to new State, a search of the appropriate records of the old State will be made as well as a search of the appropriate records in the new State. If an intervening lien has been filed and the County Supervisor is unable to take actions necessary to obtain the required security, the case will be referred to the State Office for advice. State Instructions will be issued, as necessary, to supplement this paragraph.

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